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Former yarn company executive is sentenced to five months in prison for embezzling from the company's profit sharing plan

David R. Silverman is also ordered to repay to former employees money that he took from the profit sharing plan of Chadwick Yarn Company

A federal judge has sentenced **David R. Silverman**, of Providence, former president of Chadwick Yarn Company, to five months in federal prison for embezzling \$86,000 from the company's profit sharing plan. Silverman used the profit sharing money, which was intended to benefit company employees, to pay a personal tax liability.

United States Attorney Margaret E. Curran announced the sentence, which Chief U.S. District Court Judge Ernest C. Torres imposed on March 14 in U.S. District Court, Providence. As part of his sentence, Silverman, 65, of 105 Freeman Parkway, must repay to 18 former employees \$39,000 of the money that he embezzled. The balance of the amount he'd embezzled from the plan would have benefitted Silverman as the president of Chadwick Yarn, which was located at 1074 High Street, Central Falls.

At a hearing in October at which Silverman pleaded guilty to two charges, Assistant U.S. Attorney Dulce Donovan said that Chadwick Yarn maintained a profit sharing plan that was protected by the Employee Retirement Income Security Act (ERISA) of 1974. In July 1997, Silverman instructed Advest, Inc., custodian of the plan's assets, to wire \$86,000 from the profit sharing plan account to a client trust account held by his attorney. The money was then used to pay a personal tax liability Silverman had from prior tax years. The funds were never repaid to

the profit sharing plan and, as a result of Silverman's embezzlement, the plan was left with about \$3,500 in assets.

Assistant U.S. Attorney Donovan said that Silverman also failed to report any of the \$86,000 he took from the profit sharing plan as income on his 1997 income tax return.

Silverman pleaded guilty to embezzling money from an employee pension benefit plan protected by ERISA and making a false declaration on a federal income tax return.

The case was investigated by the **United States Department of Labor, Employee Benefit Security Administration** and the **Internal Revenue Service, Criminal Investigations Division**. It was prosecuted by Assistant U.S. Attorney Donovan.

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